



OFFICE OF THE GOVERNOR

OCT 05 2011

To the Members of the California State Assembly:


I am returning Assembly Bill 696 without my signature.

This bill, among other things, requires the state Infrastructure Bank (I-Bank) to create a methodology to measure the economic development benefits of projects for both public and private applicants.

Local government applicants already must make findings that their project promotes economic development and long-term employment. Requiring the I-Bank to speculate on the project's benefits is a costly addition to the application process.

Private entities obtain approval from a bond underwriter before federal law allows the state to issue tax-free bonds using its bonding authority. The state has no financial stake or risk in these transactions. Consequently, there is no reason to incur the expense of calculating economic benefits for the transactions of private entities.

Sincerely,



Edmund G. Brown Jr.